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CENTRAL INTELLIGENCE AGENCY  
Office of the Chief, Economic Research  
Office of Research and Reports

Project Action Memorandum

Project No. 10.1096  
Date: 1 May 1956

TITLE: Revision of OCI Country Handbook on Bulgaria

REQUESTER: OCI

STATEMENT OF THE PROBLEM AND TERMS OF REFERENCE:

Problem: To review, revise and up-date the pertinent economic portions of the OCI Handbook on Bulgaria.

Terms of Reference: (1) Special attention should be paid to deletion of material no longer having current significance or background value and to adding information on recent important developments.

(2) 1955 data should be added wherever possible.

(3) Total length and outline should remain the same.

RESPONSIBILITY:

		<u>Man-hours</u>	<u>Due Dates</u>	<u>Concurrence (Initials)</u>
<u>Action Division:</u>	D/A		25 Jun 56	<u>RVG</u>
<u>Branch:</u>	A/E	20		
<u>Contributing Divisions:</u>	D/M	5	15 Jun 56	<u>HCH</u>
	D/S	10	15 Jun 56	<u>LWD</u>
	D/I	5	15 Jun 56	<u>mmj</u>
<u>Staffs:</u> 25X1A	St/PR			<u>PR</u>
	CSS			<u>HH</u>

Principal Analyst: [REDACTED] x 3362

Project Monitor: [REDACTED], x 4585

25X1A

This project will not delay completion of currently scheduled projects.  
The classification of this project will be no higher than SECRET.

APPROVED E L Ch/E

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REVISION OF OCI HANDBOOK: BULGARIA

Page 1

Paragraphs 1 and 2

I. CURRENT ISSUES

While the Bulgarian economic plan for 1956 calls for a greater percentage increase over 1955 in agricultural output than in heavy industrial output the budget allocations show increases for heavy industry to be greater than for agriculture both in absolute and relative amounts. In Bulgaria only moderate concessions were made to consumer goods production during the period of the new course. Preference continued to be given to heavy industry, especially to electric power, the extractive industries, metallurgy, and basic chemicals, although some additional resources were allocated to agriculture and to the light and food industry. Currently heavy industry and agriculture are receiving major shares of investment allocations.

Of particular current interest is the increased tempo of collectivization. In the first three months of 1956 an additional 14 percent of arable land was brought into the socialist sector, and approximately 77 percent of the homesteads and 75 percent of the arable land are presently collectivized according to official announcements. The goal of complete collectivization appears to be realizable in the near future. The 370 million ruble credit granted in February 1956 by the USSR for the development of agriculture and for construction of fertilizer plants will play an important role in the governments' plans for agriculture.

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## II. POLITICAL

### B. Current Government

#### 4. Policies

b. Domestic: Over-all policy, established by the USSR, emphasizes state control of all national political, economic, social and cultural life.

The state has socialized virtually all industry, trade and finance, and to date has socialized approximately 3/4 of agriculture according to official announcements (a higher proportion than in any other Eastern European Satellite). The Second Five-Year Plan (1953-1957) sets production quotas for industries, farms and workers. Economic policy, while still showing preference for the development of heavy industry, has been modified by Soviet orders to give increased attention to agriculture and consumer goods. The new course in Bulgaria however, apparently meant less of an economic shift than that which occurred in most of the other satellites.

The state controls education, the fine arts, religion and all mass organizations.

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### C. Instruments of Control

3. Delete last sentence. Gorubao, a joint mining company and apparently the last joint company in Bulgaria, was transferred to Bulgaria by agreement of November 26, 1955 between the USSR and Bulgaria.

### E. International Commitments

4. Trade, technical assistance, and cultural agreements with all Sino-Soviet bloc countries. (Delete 2nd. sentence) In February 1956, the USSR

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Page 10 E. 4 (cont.)

granted Bulgaria a long-term credit valued at 370,000,000 rubles (\$92.5 million at official exchange rate). This credit is to be used for agricultural development and for the construction of fertilizer plants.

Delete present 5 and 6; add new 5.

5. Since January 1955, Bulgaria has greatly increased the number of formal trade agreements with Western countries. New agreements, which include agreements which previously had been allowed to lapse, were concluded with France, Norway, Sweden, Switzerland, Turkey, United Kingdom, and Yugoslavia.

Number 7 and 8 as 6 and 7, respectively.

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### III. Economic

B. Banking System: The Bulgarian Ministry of Finance, through the State Bank, the Bulgarian National Bank, and its various branches, controls all banking in the state.

#### C. Economic Trends

paragraph 2

The GNP of Bulgaria in 1954 accounted for approximately 2.6 percent of the total GNP of the Eastern European Satellites. The 1954 Bulgarian GNP is estimated to have been 26 percent greater than in 1938 and approximately 17 percent greater than in 1950.

Paragraph 3

Change last sentence to read: Per capita food consumption in calories in 1954-55 was about 3 percent above prewar standards. In 1952-53, this figure was 10 percent below the prewar standard.

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### III. Economic

#### C. Economic Trends

2. Currency Stability: Serious inflation was curbed by the currency reform of May 1952 which cut wages and prices and drastically reduced the savings of the population. Even though wages were raised later on the basis of former ration categories, this did not compensate fully for the adverse effect of the price and wage cuts on the workers. The six price reductions made by the government, the most recent made in February 1956, may have restored consumer purchasing power to the level prior to the 1952 currency reform.

3. 2nd. and 3rd. sentences should read:

All major industries and trading firms are government owned. Approximately 75 percent of the arable land and homesteads have been collectivized according to official announcements.

D. <u>Annual Budgets</u>			
<u>Year</u>	<u>Total Budget</u>	<u>Military Expenditure</u>	<u>Per Cent Mil. is of Total Budget</u>
1956	17,574	1,500	8.5
1955	17,320	1,924	11.1
1954	17,027	1,934	11.4
1953	17,973	2,076	11.6

Delete last line of text.

P. 16 E. Add: In February 1956, Soviet credits totalling 370 million rubles (\$92.5 million) were extended to Bulgaria. These credits are for a period of 10 years at 2 percent interest and are to be repaid in Bulgarian goods.

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### III. ECONOMIC

#### F. Natural Resources

2. Minerals: Small amounts of ferrous and many nonferrous metals are mined; they account for less than 2 percent of Sino-Soviet bloc production of any of these items except lead and zinc, production of which is approximately 14 percent and approximately 6 percent, respectively, of Sino-Soviet bloc production.

[No new data on uranium]

#### 3. Fuel:

Change last sentence to read:

1955 petroleum production is estimated at 150,000 metric tons or less than 0.2 percent of Sino-Soviet bloc production. Imports of refined petroleum products during 1955 were 195,000 metric tons.

#### G. Industry

2. Consumer Goods: Bulgaria has the capacity to produce basic consumer goods; the new course paid lip service to increasing consumer goods production but no drastic changes were made in resource allocation. Currently, agriculture is receiving more emphasis than consumer goods as a whole.

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#### H. Foreign Trade

1. Trade with the West: Bulgaria's trade with Free World countries was valued at approximately \$50 million in both 1954 and 1955. The major exports in 1954 were: food, \$18 million and crude materials, \$4 million. Exports to Western Europe represented 92 percent of total exports to the West.

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### III. ECONOMIC

#### H. Foreign Trade (cont.)

Principal imports in 1954 were: manufactured goods, \$6 million; machinery and transport equipment, \$5 million; and crude materials (mostly textile fibers), \$4 million. Western Europe accounted for 95 percent of total imports from the Free World.

2. Trade with the Sino-Soviet bloc: In 1955, over 80% of Bulgaria's total trade was with other <sup>Sino-Soviet bloc</sup> ~~East~~ countries. Principal exports were agricultural commodities and industrial raw materials. Principal imports were machinery and industrial equipment, metallurgical products, and textile fibers.

Delete Table on Page 18.

3. Balance of Payments: Trade within the <sup>Sino-Soviet bloc</sup> ~~East~~ is conducted through bilateral trade agreements. This does not preclude, however, an imbalance in such trade. No data are available for recent years from which to derive a balance of payments for this segment of Bulgaria's trade.

In its trade with the West, Bulgaria had an export surplus in 1954 of approximately \$9 million and an import surplus in 1955 of about \$1 million.

Page 18 and 19

#### I. Telecommunications

##### 1. Domestic

Domestic telephone and telegraph service is provided by a wire and cable network which covers the country uniformly but not intensively. Recent plans have provided for a continuing increase in telecommunications, but in spite of these plans, the present system is

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I. Telecommunications

1. Domestic (cont.)

believed inadequate to meet current requirements. At the end of 1955, there were an estimated 66,000 telephone subscribers. Other (functional) wire telecommunications networks are maintained and operated by the army and the railroads. Functional radio communications systems provide coastal (ship-to-shore) communications, aeronautical, and meteorological services.

An estimated 300,000 radio broadcast receivers and 280,000 wired loudspeakers were in use at the end of 1955. The number of wired loudspeakers has increased considerably since 1950 when an estimated 27,000 were in use.

2. International

Sofia is the main international telecommunications center in Bulgaria. Cable and open wires are used to provide telephone and telegraph communications with Rumania, Turkey, Yugoslavia, Greece, and the remainder of Europe. Radiotelegraph communications are available to the Middle-East, and North and South America. Radio transmitters located near Sofia provide international broadcasting service.

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### III. ECONOMIC

#### J. Transportation

1. Railroads: The chief means of internal transportation, accounting for about 78 percent of inland freight traffic. Approximately 90 percent of the railway system's 2,500 route miles is standard gauge (4'8 1/2"). All lines are single tracked except for a five-mile double-tracked section running northwest from Sofia. The rail net is not dense but is rather evenly distributed throughout the country. There are two principal east-west lines (one connecting Caribrod, Yugoslavia, with Burgas, via Sofia; the other linking Sofia with Stalin) and one major north-south route between Ruse and Podkova. Several branch lines give access to the Danube. There are connections with the Romanian, Yugoslavian, and Greek railways, including one Danube River bridge at Ruse and a rail ferrycrossing at Vidin.

The railroad system is hampered by weak roadbeds, shortages and obsolescence of equipment, difficulty of maintenance and lack of modern classification yards. In time of war, the railroads would be vulnerable to bombing and demolition because of the existence of many passes, tunnels, and bridges, and lack of opportunity for rerouting traffic.

2. Roads: Highways are underdeveloped and have generally been neglected in favor of rail transport. Total length of route, including secondary roads, is about 9,500 miles.

3. Inland Waterways: The Danube, which forms a large part of the Bulgar - Romanian boundary, is Bulgaria's only significant inland

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3. Inland Waterways: (cont.)

waterway. Bulgarian ports are the smallest and most poorly equipped of all Danubian ports. Ruse, the major port, has a small winter harbor in addition to shoreside facilities. In May 1955 Bulgaria's small Danube fleet consisted of ten passenger vessels, four motor barges, 16 tugs, 80 dumb barges and two rail ferries. Inland waterway traffic is of relatively greater importance in Bulgarian transportation than in any other bloc country.

4. Merchant Marine: The ocean-going merchant marine consists of four vessels over 1,000 gross tons, totaling about 12,000 gross tons, and a number of smaller vessels, whose total tonnage is about equal to that of the larger units. These ships are engaged principally in Black Sea trade but they also maintain a nominal schedule to Mediterranean ports.

5. Civil Air: TABSO (Transportna Aviatsionno Bulgaro-Sovetsko Obshchestvo), though retaining the name which formerly signified Soviet participation, has been a Bulgarian State enterprise since the USSR withdrawal from ownership in October 1954.

In addition to domestic routes TABSO flies to Budapest, Prague, Berlin and Belgrade. Airlines of the USSR, Hungary, Poland and Czechoslovakia now serve Bulgaria while KLM (Royal Dutch Airlines), has a projected service from Amsterdam to Budapest and Sofia.

The inventory consists of 10 Li-2 aircraft. Il-14's will probably be received for use on Moscow-Sofia route which TABSO will share with Aeroflot under the bilateral civil air agreement concluded in March 1955.

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V. GENERAL DATA

A. Population: Mid-1955 estimate: 7,570,000

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